

LNF & IHCIF Calculations Illustration **- Bad River in Bemidji area -**

Given Data

- 1,826 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 51% = % Expenditures on purchased services, 49% = % expenditures in-house
- 98.1% = Cost index for purchasing health care in this geographic area
- 127.1% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

Cost Adjustment Calculations

- \$1,490 per person for purchased services = $51\% * 98.1\% * \$2,980$
- \$1,859 per person for in-house services = $49\% * 127.1\% * \$2,980$
- \$3,348 per person total = \$1,490 (purchase) + \$1,859 (in-house)
- **\$3,547 per person total** adjusted for health status = $\$3,348 * 105.9\%$
- **\$2,802 per person net cost** = $\$3,547 - \745 Other resources (M&M&PI)

Existing Expenditures (for 1,826 users excluding wrap-around and collections)

- \$870 per person = local IHS allowance (excludes \$ for wrap-around)
- \$94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,018 per person for OU users** = $\$870 + \$94 + \$54$

LNF Calculation

- **28.7% Gross LNF** = $\$1,018$ (expenditures) / $\$3,547$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **36.3% Net LNF** = $\$1,018 / \$2,802$ net cost ($\$3,547 - \745 other)

IHCIF Allocation

- \$1,210,419 = \$ to raise LNF% from 36.3% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$42,219 Allocation** = $\$1,210,419$ needed for 60% * 3.488% IHCIF fraction

Bad River Unmet Needs

- **\$5,115,717 Net Total Need** = $1,826$ users * $\$2,802$ net cost
- **\$3,256,706 Net Unmet Need** = $(100\% - 36.3\% \text{ LNF}) * 1,826$ users * $\$2,802$ net cost